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7 Financial Consultants to the Equity Committee

8 UNITED STATES BANKRUPTCY COURT  
9 NORTHERN DISTRICT OF CALIFORNIA  
10 SAN FRANCISCO DIVISION

11 In re: )  
12 )  
13 CMR MORTGAGE FUND, LLC, ) Case No.: 08-32220 TEC  
14 Debtor. ) Chapter 11  
15 )  
16 CMR Mortgage Fund II, LLC ) Case No.: 09-30788 TEC  
17 Debtor. ) Chapter 11  
18 )  
19 CMR Mortgage Fund III, LLC ) Case No.: 09-30802 TEC  
20 Debtor. ) Chapter 11  
21 )  
22 ) **FIRST INTERIM APPLICATION FOR**  
23 ) **LECG, LLC, AS FINANCIAL**  
24 ) **CONSULTANTS TO THE EQUITY**  
25 ) **COMMITTEE**  
26 )  
27 ) Date: March 26, 2010  
28 ) Time: 9:30 a.m.  
\_\_\_\_\_) Place: 235 Pine Street  
Courtroom 23  
San Francisco, CA

TO THE HONORABLE THOMAS E. CARLSON, UNITED STATES BANKRUPTCY  
JUDGE:

LECG, LLC ("LECG" or "Applicant"), as Financial  
Consultants ("Consultants") to the Equity Committee  
("Committee"), hereby applies for compensation and reimbursement  
of expenses for the first interim fee period for the estates of

1 CMR Mortgage Fund, LLC, CMR Mortgage Fund II, LLC and CMR  
2 Mortgage Fund III, LLC (the "Debtor" or "Estate" or "CMR"), and  
3 respectfully represent:  
4

5 I.

6 INTRODUCTION

7 LECG respectfully applies, pursuant to the Order  
8 Authorizing Employment of LECG, LLC, as Financial Consultants to  
9 the Equity Committee, pursuant to 328(a) of the Bankruptcy Code,  
10 entered December 30, 2009 (the "Order"), for interim approval of  
11 compensation for accounting services it has rendered from  
12 November 1, 2009 through January 31, 2010.  
13

14 1. The CMR Mortgage Fund, LLC Application for Order  
15 Authorizing Employment of LECG, LLC as Financial Consultants to  
16 the Equity Committee was filed on November 11, 2009. LECG was  
17 employed as Consultants pursuant to the Order entered December  
18 30, 2009.  
19

20 In the CMR Mortgage Fund II, LLC bankruptcy case the Order  
21 Authorizing Employment of LECG, LLC as Financial Consultants to  
22 the Equity Committee was entered January 7, 2010.  
23

24 In the CMR Mortgage Fund III, LLC bankruptcy case the  
25 Order Authorizing Employment of LECG, LLC as Financial  
26 Consultants to the Equity Committee was entered on January 7,  
27 2010.  
28

2. LECG has not previously requested compensation in this  
case.

1           3.     During the LECG period covered by this first interim  
2 application, November 1, 2009, through January 31, 2010, ("First  
3 Interim Period"), LECG incurred total fees in the amount of  
4 \$184,937.50 representing 466.1 hours of services to the estate  
5 for which it seeks full approval and payment of 100% of that  
6 amount. LECG also advanced expenses for the First Interim  
7 Period related to its services in the amount of \$242.00 for  
8 which it seeks full approval and reimbursement.  
9

10           4.     The Debtor, CMR Mortgage Fund, LLC, filed a voluntary  
11 petition for relief under title 11 of chapter 11 of the United  
12 States Bankruptcy Code on November 19, 2008. CMR is a debtor-in-  
13 possession. CMR was a private money lender in northern  
14 California.  
15

16           The Debtor, CMR Mortgage Fund II, LLC, filed a voluntary  
17 petition for relief under title 11 of chapter 11 of the United  
18 States Bankruptcy Code on March 31, 2009. CMR is a debtor-in-  
19 possession. CMR II was a private money lender in northern  
20 California.  
21

22           The Debtor, CMR Mortgage Fund III, LLC, filed a voluntary  
23 petition for relief under title 11 of chapter 11 of the United  
24 States Bankruptcy Code on March 31, 2009. CMR is a debtor-in-  
25 possession. CMR III was a private money lender in northern  
26 California.  
27  
28

1        A. Exhibits to this Application

2        1. The nature and extent of LECG services during the  
3 First Interim Period are described in subsequent paragraphs and  
4 in the following exhibits to this Application:

5            Exhibit "A" provides the detailed time entries for the  
6 services provided by category by LECG as financial consultants  
7 to the Equity Committee as well as the detail of all costs  
8 expended.  
9

10           Exhibit "B" is the summary of the monthly fees, by category  
11 of service, as well as a summary of the expenses incurred. This  
12 summary excludes \$3,483.43 representing expenses written-off by  
13 the applicant which generally may not be billed to bankruptcy  
14 estates.  
15

16           Exhibit "C" is a schedule that sets forth the total hours  
17 each professional and paraprofessional has expended for LECG in  
18 this case during the reporting period and the hourly rates for  
19 those services. The average hourly billing rate for LECG was  
20 \$396.78. LECG bills travel time at 50% of its normal rate.  
21

22           Exhibit "D" includes the resumes that describe the  
23 education and qualifications of the professionals and  
24 paraprofessionals for LECG whose time constitutes a basis for  
25 this Application.  
26

27           Exhibit "E" is a schedule of Applicant's normal hourly  
28 billing rates during the LECG First Interim Period. These were  
the rates charged by Applicant's personnel to solvent clients

1 where Applicant ordinarily receives payment in full within less  
2 than 90 days. Applicant carefully reviewed all time charges to  
3 ensure they were reasonable and non-duplicative. Costs and  
4 disbursements were also reviewed. Time was billed in tenths of  
5 an hour.  
6

7 B. Reasonableness of Rates

8 1. Each year, LECG attempts to gather accurate  
9 information about rates charged by comparable accounting firms  
10 for comparable services to ensure its rates are competitive.  
11 LECG is informed and believes the rates charged by its staff and  
12 accountants are fair and reasonable in light of the rates  
13 charged by comparable firms. By way of example, Mr. Elggren has  
14 an hourly rate of \$625 during the 2010 billing period that is  
15 among the highest rates of any professional of LECG whose time  
16 is included in this application. As set forth in Mr. Elggren's  
17 resume (Exhibit "D"), Mr. Elggren has in excess of 25 years of  
18 public accounting experience. Applicants are informed and  
19 believe professionals at Mr. Elggren's level at so-called "Big-  
20 Four" accounting firms, with whom Applicant competes have hourly  
21 rates as high, or higher, than the rates of Applicant.  
22  
23  
24

25 2. During January of each year, LECG revises its billing  
26 rates for new cases accepted thereafter and for pending cases in  
27 the coming year based on facts described above. All services  
28 included in this fee application were billed at the applicable  
standard hourly rates.

1  
2 II.

3 BACKGROUND FACTS/DESCRIPTION OF SERVICES

4 A. Procedural Background

5 1. This case was commenced upon the filing of a voluntary  
6 Chapter 11 petition on November 19, 2008.  
7

8 2. The Court entered an Order on December 29, 2009,  
9 authorizing the employment of LECG as financial consultants to  
10 the Equity Committee.  
11

12 B. Description of Services

13 Applicant has been employed to assist the Committee with  
14 reviewing and analyzing the Debtor's books and records; to  
15 analyze the loan portfolio, and review investor's receipts and  
16 disbursements; to indentify and research receipts and  
17 disbursements to insiders of the debtors; to identify assets of  
18 the estate and analyze the plan of debtor on how to deal with  
19 assets held by the estate; to analyze various complicated  
20 agreements to determine the effect of these agreements on the  
21 estate; to prepare analysis on substantive consolidation as it  
22 relates to fund I, fund II and fund III; to serve as an  
23 intermediary between the Committee and the debtor; to review  
24 cashflow and cash budget information prepared by the debtor; to  
25 analyze the debtors plan and disclosure statement and work with  
26 debtor to complete same; to analyze insurance policies and  
27  
28

1 determine potential benefit to the estate; to review plan for  
2 Debtor-in-Possession "DIP" financing and the possible impact to  
3 the estate; and other accounting and finance services as  
4 required by the Committee.  
5

6 The details of LECG' services for its First Interim Period  
7 are included herein as Exhibit "A" and the monthly summary is  
8 provided in Exhibit "B". Without limiting the detail given in  
9 Exhibit "A", the areas of emphasis of work are as follows:  
10

11 1. Analysis and Review of Case Documents (1000.0):

12 Applicant received and uploaded numerous (approximately 200,000  
13 pages) electronic documents through an FTP site dedicated  
14 completely to the debtor's records. Records were inventoried  
15 and analyzed. Applicant also reviewed filings in bankruptcy  
16 proceedings for each of the funds. LECG received and reviewed  
17 audited financial statements for 2004 through 2006 as well as  
18 unaudited financial statements for 2007 and 2008.  
19

20 LECG has expended 6.2 hours resulting in fees in the amount  
21 of \$1,914.00 for the purposes of analysis and review of case  
22 documentation.  
23

24 2. Review and Analysis of Offering Circulars and Related  
25 Documents (1075.0): Applicant reviewed and analyzed multiple  
26 Offering Circulars for each fund and prepared analysis as to the  
27 terms included within the offering circulars to determine the  
28 Debtor's compliance with the same. Applicant also analyzed  
offering circulars and compared to accounting records to

1 determine any possible violations of lending restrictions and  
2 violations of loan concentrations limits.

3 LECG has expended 12.6 hours resulting in fees in the  
4 amount of \$4,256.50 for review and analysis of offering  
5 circulars and related documentation.  
6

7 3. Preparation For and Attendance at Meetings with Debtor  
8 (1100.0): Applicant attended various meetings with the Debtor's  
9 staff including Mr. David Choo, Mr. Graham Seel, Mr. Richard  
10 Johnson and others to discuss issues related to management of  
11 the funds and to inquire about specifics as it relates to  
12 individual properties. Applicant reviewed historic financial  
13 information as well as current and pending agreements and  
14 motions with Debtor.  
15

16 LECG has expended 9.8 hours resulting in fees in the amount  
17 of \$5,810.50 for preparation for and attendance at meetings with  
18 the Debtors.  
19

20 4. Accounting Investigation of Debtor and Related Parties  
21 (1150.0): Applicant analyzed accounting records received from  
22 Debtor and researched discrepancies found between electronic  
23 files received and historical financial information. Applicant  
24 also analyzed unusual transactions and researched same.  
25 Applicant performed queries of accounting database for cash  
26 disbursements to insiders and other possible related parties.  
27  
28



1 LECG has expended 21.4 hours resulting in fees in the  
2 amount of \$6,447.50 for accounting investigation of the Debtor  
3 and related parties.

4  
5 5. Review and Analysis of Debtor's Accounting Records  
6 (1160.0): Applicant compared and reconciled electronic data  
7 provided in the Trial Balance and General Ledger detail to  
8 historical audited and unaudited financial statements.

9  
10 LECG has expended 21.3 hours resulting in fees in the  
11 amount of \$6,539.00 for review and analysis of the Debtor's  
12 accounting records.

13 6. Analysis of Standstill Agreement (2000.0): Applicant  
14 reviewed and analyzed an agreement between the debtor and The  
15 Oxford Group. Applicant reviewed each property involved to  
16 determine the impact of the agreement on each. As a result of  
17 this work we negotiated a reduction of approximately \$1.2  
18 million of current interest payments over an above what was  
19 originally negotiated by the Manager of the Funds.

20  
21  
22 LECG has expended 24.0 hours resulting in fees in the  
23 amount of \$9,436.00 for analysis of the Standstill Agreement.

24 7. Meeting / Call With Counsel and Interested Parties  
25 Regarding Standstill Agreement (2050.0): Applicant attended  
26 many conference calls, to discuss with interested parties, the  
27 details of the Standstill Agreement. LECG was the intermediary  
28 between the debtor and Oxford Group in negotiating terms of this  
agreement which involved many phone calls to interested parties

1 and reduced current interest payments by approximately \$1.2  
2 million.

3 LECG has expended 8.7 hours resulting in fees in the amount  
4 of \$3,976.50 for meetings and calls regarding the Standstill  
5 Agreement.  
6

7 8. Analysis of Standstill Agreement and Implications as  
8 it Relates to the Dyer Mountain Property (2100.0): Applicant  
9 analyzed impact of entering into Standstill agreement as it  
10 relates to the Dyer Mountain property including lien status,  
11 property values, adequate protections payments and feasibility  
12 analysis.  
13

14 LECG has expended 7.3 hours resulting in fees in the amount  
15 of \$3,434.50 for analysis of the Standstill Agreement and  
16 implications as it relates to the Dyer Mountain property.  
17

18 9. Analysis of Standstill Agreement and Implications as  
19 it Relates to the Myrtle Beach Property (2200.0): Applicant  
20 analyzed impact of entering into Standstill agreement as it  
21 relates to the Myrtle Beach property including lien status,  
22 property values, adequate protections payments and feasibility  
23 analysis.  
24

25 LECG has expended 4.4 hours resulting in fees in the amount  
26 of \$1,938.50 for analysis of the Standstill Agreement and  
27 implications as it relates to the Myrtle Beach property.  
28

1       10. Analysis of Standstill Agreement and Implications as  
2 it Relates to the Wheatland, Brisbane, Antioch and Other  
3 Properties (2300.0): Applicant analyzed impact of entering into  
4 Standstill agreement as it relates to the Wheatland, Brisbane,  
5 Antioch and other properties including lien status, property  
6 values, adequate protections payments and feasibility analysis.  
7

8  
9       LECG has expended 6.8 hours resulting in fees in the amount  
10 of \$3,988.50 for analysis of the Standstill Agreement and  
11 implications as it relates to the Wheatland, Brisbane, Antioch  
12 and other properties.

13       11. Real Estate Analysis for Standstill Agreement  
14 (2400.0): Applicant analyzed impact of entering into Standstill  
15 agreement as it relates to substitute real estate. This  
16 analysis included research as to lien status, property values,  
17 adequate protections payments and feasibility analysis of the  
18 Standstill Agreement.  
19

20  
21       LECG has expended 16.7 hours resulting in fees in the  
22 amount of \$7,458.00 for a real estate analysis for the  
23 Standstill Agreement.  
24

25       12. Analysis of Mira Mesa Forbearance Agreement (3000.0):  
26 Applicant reviewed and analyzed documents related to the  
27 Forbearance Agreement on Mira Mesa. Applicant also reviewed  
28 entitlement documents and participated in conference call with  
city planner regarding the zoning for Mira Mesa. As a result an

1 agreement was entered into that provided \$600,000 for this  
2 property and entitlement work is again underway.  
3

4 LECG has expended 7.4 hours resulting in fees in the amount  
5 of \$4,572.50 for analysis of the Mira Mesa forbearance  
6 agreement.

7 13. Analysis of Motion for Relief from Stay for Sandy City  
8 (3100.0): Applicant reviewed and analyzed relief from stay  
9 motion and reported findings to counsel.  
10

11 LECG has expended 2.3 hours resulting in fees in the amount  
12 of \$800.50 for analysis of the motion for relief from the  
13 automatic stay for Sandy City.  
14

15 14. Analysis of US Trustee's Motion to Appoint a Chapter  
16 11 Trustee or Examiner (5000.0): Applicant reviewed and  
17 analyzed U.S. Trustee's Motion to Appoint Chapter 11 Trustee or  
18 Examiner. Applicant also met with Equity Committee and Debtor  
19 to discuss motion. Applicant also prepared declaration in  
20 opposition to U.S. Trustees Motion to Appoint Chapter 11 Trustee  
21 or Examiner.  
22

23 LECG has expended 17.4 hours resulting in fees in the  
24 amount of \$9,738.50 for analysis of the US Trustee's motion to  
25 appoint a trustee or examiner.  
26

27 15. Electronic Data Identification / Preservation  
28 (7000.0): Applicant prepared FTP site to hold documents  
provided by Debtor's (approximately 200,000 pages). Applicant

1 also analyzed and reviewed documents located on Google Docs  
2 website.

3 LECG has expended 6.8 hours resulting in fees in the  
4 amount of \$2,626.00 for electronic data identification and  
5 preservation.

6  
7 16. Analysis of Debtor-in-Possession "DIP" Financing  
8 (8000.0): Applicant reviewed proposed "DIP" Financing motion  
9 and reported to Equity Committee and Counsel re: same.

10  
11 LECG has expended 2.3 hours resulting in fees in the amount  
12 of \$983.50 for analysis of the debtor-in-possession "DIP"  
13 financing.

14 17. Communications with CMRI Personnel (8050.0):  
15 Applicant corresponded via email, phone and meetings in person  
16 to discuss case issues.

17  
18 LECG has expended .2 hours resulting in fees in the amount  
19 of \$125.00 for communications with CMRI personnel.

20  
21 18. D & O and E & O Insurance (8150.0): Applicant  
22 reviewed potential recoveries of Directors & Officers Insurance  
23 policies. Applicant also analyzed potential recoveries of  
24 Errors & Omissions insurance policies and discussed with Equity  
25 Committee and Counsel.

26  
27 LECG has expended 1.3 hours resulting in fees in the amount  
28 of \$635.00 for D & O and E & O insurance issues.

1        19. Substantive Consolidation Analysis (9000.0):

2        Applicant reviewed historical accounting balances by fund for  
3        investors, reviewed application of write-downs for properties by  
4        manager, prepared analysis of impact of substantive  
5        consolidation with various scenarios and possible outcomes.  
6

7        LECG has expended 7.4 hours resulting in fees in the amount  
8        of \$4,011.00 for a substantive consolidation analysis.  
9

10       20. Analysis of Debtors Plan of Reorganization and  
11 Disclosure Statement (10000.0): Applicant analyzed Debtor's  
12 existing plan of reorganization and disclosure statement and  
13 provided guidance to Equity Committee and Counsel regarding  
14 same.  
15

16       LECG has expended 3.9 hours resulting in fees in the amount  
17 of \$2,187.00 for analysis of the Debtor's Plan of Reorganization  
18 and Disclosure Statement.  
19

20       21. Cause of Action Investigation / Analysis (11000.0):  
21 Applicant reviewed financial and other documents to determine if  
22 investors have causes of action that could be brought against  
23 the debtor or other interested parties including the manager.  
24

25       LECG has expended .9 hours resulting in fees in the amount  
26 of \$562.50 for review and analysis for a cause of action  
27 investigation.  
28

22. Analysis of Case Documents and Records (12000.0): LECG  
reviewed and analyzed cash flow information, trial balances,

1 case disbursements, investor withdrawals, property descriptions,  
2 and other documentation to reconcile to loaned funds and prepare  
3 an analysis of debts owed to debtor for CMR Funds I, II, and  
4 III.  
5

6 LECG has expended .9 hours resulting in fees in the amount  
7 of \$265.50 in analysis of case documentation and records.

8 23. Cashflow / Cash Budget Analysis (12050.0): Applicant  
9 reviewed and analyzed cashflow information provided by Debtors  
10 including cash projections based on pro-forma sales data,  
11 borrowings, expenses, etc. LECG also analyzed cash requirements  
12 by property to determine the net proceeds from property sales.  
13 Applicant also reviewed proposed cash budgets from Debtor and  
14 informed Equity Committee and Counsel re: same.  
15

16 LECG has expended 11.0 hours resulting in fees in the  
17 amount of \$6,800.00 in review and analysis of cashflow and cash  
18 budget documentation.  
19

20 24. Analysis of Investor Statements and Activity - Fund I  
21 (14000.0): Applicant reviewed complete database of investor  
22 activity from beginning of fund. LECG prepared annual and  
23 monthly queries related to investment, withdrawal, disbursement  
24 and adjustments made by each investor. Applicant also prepared  
25 various schedules showing activity for all investors per request  
26 of counsel.  
27  
28

1           LECG has expended 15.4 hours resulting in fees in the  
2 amount of \$4,605.50 for analysis of investor statements and  
3 activity for Fund I.

4           25. Analysis of Investor Statements and Activity - Fund II  
5 (14001.0): Applicant reviewed complete database of investor  
6 activity from beginning of fund. LECG prepared annual and  
7 monthly queries related to investment, withdrawal, disbursement  
8 and adjustments made by each investor. Applicant also prepared  
9 various schedules showing activity for all investors per request  
10 of counsel.  
11

12           LECG has expended 23.6 hours resulting in fees in the  
13 amount of \$7,017.50 for analysis of investor statements and  
14 activity for Fund II.  
15

16           26. Analysis of Investor Statements and Activity - Fund  
17 III (14002.0): Applicant reviewed complete database of investor  
18 activity from beginning of fund. LECG prepared annual and  
19 monthly queries related to investment, withdrawal, disbursement  
20 and adjustments made by each investor. Applicant also prepared  
21 various schedules showing activity for all investors per request  
22 of counsel.  
23

24           LECG has expended 5.3 hours resulting in fees in the  
25 amount of \$1,565.00 for analysis of investor statements and  
26 activity for Fund III.  
27  
28



1       27. Analysis of Investor Statements and Activity for  
2 Potential Insiders (14100.0) Applicant reviewed complete  
3 investor database for potential related parties or insiders of  
4 the funds. Applicant prepared various schedules showing  
5 activity for potential insiders such as initial investments,  
6 withdrawals, disbursements and adjustments made to each account.  
7 Applicant provided information to counsel as requested.  
8

9  
10       LECG expended 8.6 hours resulting in fees in the amount of  
11 \$2,537.00 for analysis of investor statements and activity to  
12 determine potential insiders.

13       28. Case Administration (15000.0) Applicant researched  
14 case specific information related to Debtor's bankruptcy  
15 filings, statements and schedules and other case related  
16 information. Also, as requested by the Trustee, Applicant  
17 completed a conflicts check and prepared an application to  
18 employ with exhibits as well as a declaration of  
19 disinterestedness.  
20

21  
22       LECG expended 4.4 hours resulting in fees in the amount of  
23 \$793.50 for the purpose of case administration.

24       29. Fee Application Preparation (17000.0): During the  
25 reporting period, the Applicant performed an extensive review of  
26 hours billed to adjust time, write-off fees and expenses,  
27 categorize entries, and to justify the services provided to the  
28 estate for each of those categories for the months of November  
2009 - January 2010.

1 LECG expended 13.5 hours resulting in fees in the amount of  
2 \$2,737.50 for the purpose of fee application preparation.

3 30. Hearing Preparation / Attendance (18000.0): Pursuant  
4 to the request of counsel, Applicant prepared for and attended  
5 hearings related to case.  
6

7 LECG expended 2.3 hours resulting in fees in the amount of  
8 \$1,437.50 for the purpose of hearing preparation and attendance.  
9

10 31. Equity Committee Meeting Attendance / Calls  
11 (19000.0): As requested by Committee Counsel, Applicant met  
12 with and/or counseled with the Committee to discuss research,  
13 status and go forward plan.  
14

15 LECG has expended 20.6 hours resulting in fees in the  
16 amount of \$9,216.00 for preparation for and attendance at equity  
17 committee meetings and calls.  
18

19 32. Preparation for Equity Committee Meetings (19100.0):  
20 LECG Prepared notes and schedules and organized Web-X conference  
21 calls to be able to present financial findings and conclusions  
22 to the Equity Committee and counsel during meetings.  
23

24 LECG has expended 8.5 hours resulting in fees in the amount  
25 of \$4,976.00 for preparation for and attendance at equity  
26 committee meetings and calls.  
27

28 33. General Case Correspondence (21100.0): LECG prepared  
emails, and responded to emails from various people related to  
Debtors, Equity Committee and Committee Counsel.

1 LECG has expended 4.3 hours resulting in fees in the amount  
2 of \$2,028.00 regarding general case correspondence.

3 34. Asset Identification / Preservation / Liquidation  
4 (22000.0): Applicant analyzed records related to existing  
5 properties and foreclosed properties and discussed with debtor  
6 short-term and long-term plans for dealing with properties.  
7

8 LECG has expended 3.7 hours resulting in fees in the  
9 amount of \$1,427.00 in asset identification, preservation and  
10 liquidation.  
11

12 35. Analysis of REO Properties (22500.0): Applicant  
13 analyzed records related to REO properties and analyzed proposed  
14 plan of debtor for dealing with REO properties. LECG also  
15 provided guidance to Equity Committee and Counsel regarding  
16 proposed plan.  
17

18 LECG has expended 8.1 hours resulting in fees in the  
19 amount of \$3,868.00 for analysis of the REO properties.  
20

21 36. Loan / Property Analysis and Reconciliation - General  
22 (23000.0): Applicant reviewed loan origination documents,  
23 contracts and other documents related to many properties. LECG  
24 reviewed liens and status of property to determine ownership  
25 interest by each fund. Applicant also reviewed real-estate  
26 market in area where property is located to determine  
27 appropriate approach to deal with property or interest in  
28 property.

1 LECG expended a total of 29.3 hours resulting in fee in the  
2 amount of \$9,060.00 for general loan and property analysis and  
3 reconciliation.

4  
5 37. Loan / Property Analysis and Reconciliation - Hawaii  
6 (23001.0): Applicant reviewed loan origination documents,  
7 contracts and other documents related to the Hawaii property.  
8 LECG reviewed liens and status of property to determine  
9 ownership interest by each fund. Applicant also reviewed real-  
10 estate market in area where property is located to determine  
11 appropriate approach to deal with property or interest in  
12 property.  
13

14 LECG has expended 26.4 hours resulting in fees in the  
15 amount of \$9,317.50 for Hawaii loan and property analysis and  
16 reconciliation.  
17

18 38. Loan / Property Analysis and Reconciliation - Dyer  
19 Mountain (23002.0): Applicant reviewed loan origination  
20 documents, contracts and other documents related to the Dyer  
21 Mountain property. LECG also reviewed liens and status of  
22 property to determine ownership interest by each fund.  
23 Applicant also reviewed real-estate market in area where  
24 property is located to determine appropriate approach to deal  
25 with property or interest in property.  
26  
27

28 LECG has expended 11.9 hours resulting in fees in the  
amount of \$3,510.50 for Dyer Mountain loan and property analysis  
and reconciliation.

1       39. Loan / Property Analysis and Reconciliation - Myrtle  
2 Beach (23003.0): Applicant reviewed loan origination documents,  
3 contracts and other documents related to the Myrtle Beach  
4 property. LECG also reviewed liens and status of property to  
5 determine ownership interest by each fund. Applicant also  
6 reviewed real-estate market in area where property is located to  
7 determine appropriate approach to deal with property or interest  
8 in property.  
9

10  
11       LECG has expended 8.7 hours resulting in fees in the amount  
12 of \$2,863.50 for Myrtle Beach loan and property analysis and  
13 reconciliation.  
14

15       40. Loan / Property Analysis and Reconciliation -  
16 Wheatland (23004.0): Applicant reviewed loan origination  
17 documents, contracts and other documents related to the  
18 Wheatland property. LECG also reviewed liens and status of  
19 property to determine ownership interest by each fund.  
20 Applicant also reviewed real-estate market in area where  
21 property is located to determine appropriate approach to deal  
22 with property or interest in property.  
23

24       LECG has expended 24.3 hours resulting in fees in the  
25 amount of \$9,633.50 for Wheatland loan and property analysis and  
26 reconciliation.  
27

28       41. Loan / Property Analysis and Reconciliation - San  
Marco (23005.0): Applicant reviewed loan origination documents,  
contracts and other documents related to the San Marcos

1 property. LECG also reviewed liens and status of property to  
2 determine ownership interest by each fund. Applicant also  
3 reviewed real-estate market in area where property is located to  
4 determine appropriate approach to deal with property or interest  
5 in property.  
6

7 LECG has expended 16.9 hours resulting in fees in the  
8 amount of \$6,796.50 for San Marco loan and property analysis and  
9 reconciliation.  
10

11 42. Loan / Property Analysis and Reconciliation - Myrtle  
12 Beach (23006.0): Applicant reviewed loan origination documents,  
13 contracts and other documents related to the Myrtle Beach  
14 property. LECG reviewed liens and status of property to  
15 determine ownership interest by each fund. Applicant also  
16 reviewed real-estate market in area where property is located to  
17 determine appropriate approach to deal with property or interest  
18 in property.  
19

20 LECG has expended .6 hours resulting in fees in the amount  
21 of \$177.00 for Myrtle Beach loan and property analysis and  
22 reconciliation.  
23

24 43. Loan / Property Analysis and Reconciliation - Antioch  
25 (23007.0): Applicant reviewed loan origination documents,  
26 contracts and other documents related to the Antioch property.  
27 LECG also reviewed liens and status of property to determine  
28 ownership interest by each fund. Applicant also reviewed real-  
estate market in area where property is located to determine

1 appropriate approach to deal with property or interest in  
2 property.

3 LECG has expended 5.0 hours resulting in fees in the  
4 amount of \$1,607.00 for Antioch loan and property analysis and  
5 reconciliation.  
6

7 44. Analysis of Legal Documents Related to Hawaii Property  
8 (23010.0): Applicant reviewed legal documents such as opinions  
9 and loan agreements related to the Hawaii property. LECG also  
10 analyzed co-lending agreement with Can Partners in original  
11 funding. Applicant has also reviewed motions and finding  
12 related to CanPartners motion for relief from stay as it relates  
13 to the Hawaii loan.  
14

15 LECG has expended 13.4 hours resulting in fees in the  
16 amount of \$6,393.00 for analysis of legal documents related to  
17 Hawaii property.  
18

19 45. Loan / Property Analysis and Reconciliation - Casa  
20 Grande (23011.0): Applicant reviewed legal documents such as  
21 opinions and loan agreements related to the Casa Grande  
22 property. LECG reviewed liens and status of property to  
23 determine ownership interest by each fund. Applicant also  
24 reviewed real-estate market in area where property is located to  
25 determine appropriate approach to deal with property or interest  
26 in property.  
27  
28

LECG has expended 5.0 hours resulting in fees in the amount of \$2,300.00 for the Casa Grande loan and property analysis and reconciliation.

46. Loan / Property Analysis and Reconciliation - Brisbane  
(23012.0): Applicant reviewed legal documents such as opinions and loan agreements related to the Brisbane property. LECG reviewed liens and status of property to determine ownership interest by each fund. Applicant also reviewed real-estate market in area where property is located to determine appropriate approach to deal with property or interest in property.

LECG has expended 5.3 hours resulting in fees in the amount of \$2,564.00 for the Brisbane loan and property analysis and reconciliation.

## III.

## CONCLUSION

1. Applicant believes compensation awarded herein will account for the quality of services rendered, the complexity of the issues at hand, the desirability of employment, the results obtained and the contingency thereof, as well as the actual hours expended. Applicant believes full payment of its fees is justified when weighed against the benefit of its work, as described above.

2. No agreement exists between Applicant nor any other person for the sharing of compensation that is received in



1 connection with this case, except for the understanding  
2 concerning compensation among its shareholder/owners.

3 WHEREFORE, Applicant respectfully requests full approval  
4 and reimbursement of 1) the First Interim Period compensation of  
5 fees in the amount of \$184,937.50 representing 466.1 hours of  
6 services provided to the estate of which none of the amount has  
7 previously been paid for a total remaining LECG balance owed of  
8 \$184,937.50 for fees for the First Interim Period; 2) approval  
9 and reimbursement of 100% of LECG expenses in the amount of  
10 \$242.00 of which none of the expenses have previously been paid  
11 for the First Interim Period; and 3) for such other further  
12 relief as the Court deems just and proper.

13  
14 Dated: February 23, 2010      Respectfully submitted,

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17 

18 F. Wayne Elggren, CPA  
19 LECG, LLC  
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